

Debbie I. Chang, M.P.H.
Deputy Secretary
Health Care Financing
Maryland Department of Health and Mental Hygiene
210 West Preston Street
Baltimore, Maryland 21201

Dear Ms. Chang:

I am responding to your request to amend Maryland's section 1115 demonstration project number 11-W-000-99/3, entitled "Maryland Medicaid Section 1115 Health Care Reform Demonstration," known as "HealthChoice." I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Maryland's request to retain a crowd out provision for a Medicaid expansion population in the Maryland Children's Health Program (MCHIP). Under this amendment, Maryland will continue a six-month waiting period where any individual who is covered by employer-based health insurance, or who has voluntarily terminated employer-based health insurance must wait six months before being permitted to enroll in MCHIP. We are also approving an expenditure authority to permit Maryland to use SCHIP funds for the costs of covering children using the service delivery network under this demonstration project.

Approval of this project is under the authority of section 1115 of the Social Security Act (the Act) and is subject to our receiving your written acceptance of this award within 30 days of the date of this letter. The special terms and conditions associated with your current demonstration award remain in effect. The following waiver and expenditure authority are approved for the remainder of the demonstration period:

1. Providing Medical Assistance 1902(a)(10)
To enable the State to extend eligibility for medical assistance to a category of individuals who would not otherwise be considered a reasonable category by extending eligibility to targeted low-income children or optional targeted low income children up to 200 percent of the Federal Poverty Level only if at least six months have passed since the expiration of group health or health insurance coverage.
2. Retroactive Eligibility 1902(a)(34)
To enable the State to not provide retroactive eligibility for the "targeted low-income children" and "optional targeted low-income children" up to 200 percent of the Federal Poverty Level.
3. Reasonable Promptness 1902(a)(8)
To enable the State to not furnish medical assistance with reasonable promptness, to the extent that the State excludes individuals from eligibility until at least six months have passed since the expiration of group health or health insurance coverage.

Under the authority of section 1115(a)(2) of the Act, the following expenditures that would not otherwise be regarded as expenditures under title XXI will be regarded as expenditures under the State's XXI plan:

1. Expenditures to provide coverage for children up to age 19 with family income below 200 percent of the Federal poverty level who are ineligible for Medicaid.

Your project officer is Linda Welle. Ms. Welle is available to answer any questions concerning the administration of your demonstration and can be reached at 410-786-0327. Communications regarding program and administrative matters should be submitted to the project office at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard, Mail Stop S2-01-16,
Baltimore, Maryland 21244-1850

We extend our congratulations on this award and look forward to continuing to work with you on this project.

Sincerely,

Thomas A. Scully